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**JANUARY 25, 2002**

# SENATOR BILL MORROW



## CAPITOL UPDATE

### **MORROW COMMITTEE INVESTIGATING THE PRICE MANIPULATION OF THE WHOLESALE ENERGY MARKET BATTLES ENERGY GIANT ENRON.**

As the lead Republican heading up the legislative investigation of alleged price manipulation by energy wholesalers, I have been looking for evidence that electricity providers manipulated California's partially deregulated energy market.

The investigation has been stymied by delaying actions by many of the subpoenaed parties, including private generating firms and California municipal utility districts. The committee has had to initiate contempt actions against several entities. Among the most egregious attempts to hide information is Enron's massive document shredding and questionable bookkeeping practices.

My investigative committee originally issued subpoenas to Enron and other private market participants in June 2001, demanding that they turn over specific energy-pricing documents. We asked the companies to agree not to destroy any documents that might be relevant to my investigation as well.

Enron resisted both requests for months and ended up facing a contempt charge. The firm even filed a lawsuit trying to stop the committee's investigation. During a dramatic last-minute showdown in September, Enron relented and agree to begin sharing records with the committee. The company, however, refused to sign an agreement to prevent them from destroying documents.

Since then, 133,464 documents have been turned over by the energy trader to my investigative committee. However, those documents are largely irrelevant and do not respond to the subpoena's request. Now we are trying to find out if any of the documents that the auditing firm, Arthur Andersen, secretly shredded might have contained evidence showing that Enron manipulated California's market in order to force higher prices. Destruction of any documents under subpoena from this legislative committee is a violation of California law.

As of yet, I cannot tell you with certainty who, if any, are the guilty parties for driving up power prices in California. Most of our investigation's first year has been consumed with forcing the players to turn over key documents so that we may determine what happened.

But rest assured that facts are continuing to be unearthed and brought to light behind the scenes. I am confident our select committee will prevail.

## **Legislative Successes:**

### **SB 569**

On Thursday, January 24<sup>th</sup>, my SB 569 successfully passed the Senate Appropriations Committee. SB 569 allows state civil service workers who serve the nation as military reservists and guardsmen to apply part of their 30 days of paid military leave (for active duty) to their inactive duty training.

For example, many state correctional officers, who guard our prisons on weekends, must take those weekend days off at their own expense to attend weekend reserve training. This bill would help those state employees that currently have to take vacation time or non-paid leave to accommodate their inactive duty training. It allows them to be treated like state workers who work normal Monday through Friday jobs.

SB 569 is important for several reasons. First, it helps protect the incomes and vacations of military reservists as demand for military reserves increases. Second, it helps strengthen the nation's military readiness and overall national security. Finally, SB 569 helps the California National Guard and reserve military forces who are shouldering increasing responsibilities due to the downsizing of the active military forces. This fact has come to the forefront in the wake of September 11<sup>th</sup>. I present SB 569 on the Senate Floor next week.

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Health Scope: Ratings of hospitals in California  
<http://www.HealthScope.org>

2001 Base Academic Performance Index (API) -- rankings of public schools across the state  
<http://api.cde.ca.gov/>